

writing a long-term business plan

WR healthcare article



Rosemary Smith looks at why a long-term business plan is crucial to the survival of your practice.

One of the most challenging tasks facing any modern surgery is having to write a long-term business plan. That means planning for a period usually of more than three years and developing a long-term strategy for your practice.

The main difficulty with this type of business planning is trying to forecast what will be happening to your income over extended periods. You need to look closely at your historical income and expenditure, but take into account what you know about future projections of income to produce a long-term plan.

Why do i need a business plan?

Most long-term plans are produced for specific events such as a bid for a new surgery or income stream, but all practices should consider preparing a plan to see what effect GP-led health centres and other new ventures are having in your area. What would happen if your patient numbers were to fall by 10%? Your business plan is the framework for your business ideas and future concerns and will help you to:

- gain credibility
- obtain funding
- plan effectively and manage risk

When should i prepare my plan?

Effective business planning is critical for evolving practices at the following times:

- at start-up, to ensure the surgery survives its early days
- during rapid growth, to ensure proper management systems are put in place, to see what's working and to prepare for long-term growth
- when patient numbers plateau or fall, to understand what the effect on your practice will be
- when preparing for retirements, to minimise the financial impact
- when preparing for an uncertain future, to focus on what needs to be fixed before the storm hits.

This process is particularly important in the current financial climate. When you are facing uncertainty, making sure you do the right things the right way becomes more than just good practice, it becomes one of the most important business survival techniques available.

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What should your business plan aim to do?

Your business plan describes the aims and objectives of your practice, and its market, strategies and financial forecasts. Without it there will be few who will take your ideas seriously. Generally, a plan highlighting your intentions and ambitions over the next three years will suffice to begin with.

The process of preparing the plan will enable you to evaluate the feasibility of your idea and focus your mind on how to make your practice a success. Your aim is to persuade others that your idea is viable and that you (and your partners) have the necessary motivation, skills and business acumen to succeed.

What should the plan include?

There are many different templates for business plans and the terminology varies, but you should include the following:

- Overviews that can capture other people's interest without making them wade through all the detail. Although the rest of the plan will change frequently over time, this should remind you of what you set out to do and why.
- A summary of the following:
 - what is the practice currently providing?
 - what are the core products or services?
 - what are you now going to do?
 - how will you sell this to your patients?
- What form does your practice take – is it singlehanded, a partnership, a group practice or a limited company? List all of the key people involved in the practice and their relevant experience, knowledge and accomplishments.
- What's the evidence that a market exists for your ideas? Describe three key aspects of the marketplace – its history, current performance and forecasts.
- Goals and objectives: demonstrate that you have clearly defined SMART goals. This means they are specific, measurable, achievable, realistic and time-framed.
- Details of what your practice needs in order to grow, including:
 - technology, such as a photocopier, medical equipment and computers
 - personnel, including business skills, specialist staff and legal advice
 - promotion and marketing.

Understand and plan for the risks you face in running the venture. Describe such risks and their potential effects on your practice and propose a response to mitigate possible damage.

The mistake a lot of practices make is treating a long-term plan as a chore that has to be completed periodically, but that can then be ignored.

A long-term plan needs to be a constantly evolving process and source of reference if it is to be effective. It has to be kept up to date, reflecting changes as they become known.

The real value of long-term planning is not in the plan itself, which will need to be changed, but in the process of planning, thinking ahead and considering the potential impact of outside influences on your practice.

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